













# Economic News from Abroad

## New World Bank Loans

New loans exceeding a total of \$100m. will be granted by the World Bank during the next months. The biggest pending decision concerns loans to Australia (\$80m.) for general development, to Pakistan (for Karachi's power and port development), India (electric power project), East Africa (railways), Central Africa (hydro-electric power), Finland (woodworking machinery), Peru (farm machinery). In the Middle East Syria asked for \$15m. to develop the port of Latakia and Lebanon for a loan to finance the Litani irrigation project.

**Japan's Exports Up**  
Japan's foreign currency position improved considerably as a result of increased export earnings this year. By the end of September export earned for her almost \$20m. more than in the corresponding period of 1955.

**Germany at Full Production**  
Full employment has been reached in the German metal, electrical, chemicals and paper and pulp industries. Many steel works in the Ruhr are working at capacity and September steel exports lagged behind imports. A further rise in foreign trade is expected, particularly of consumer goods, foodstuffs and raw materials.

**British Trade Mission**  
A British trade mission is to visit Germany, France and Ethiopia early next year.

**BOAC Accepts Installments**  
An installment payment system for British passenger air fares has been accepted by the BOAC and BEA companies.

## THE JERUSALEM POST

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## ONE of the major arguments

against the popular demand for higher wages has been that there is no point in inflating the money income of the wage-earners. It is their real income that should be increased by reducing the excessive margins of profit in the domestic trade. Once a healthy and stable wage had been adopted the Histadrut did not hesitate to tackle this issue as well. The implementation of a well-meant proposal must, however, encounter many difficulties and its discussion in the steering committee of the Histadrut was in no way conclusive.

## Significantly, it is the spokesmen of Labour's biggest trade organizations - "Tnuva," "Hamashbir" and the consumers' cooperative - who have taken the most conservative stand and despite some strictures against private trade, did not contribute any practical plan for improvement.

They quite rightly contended that trade, profit margins were comparatively larger in many other countries, particularly for agricultural produce; that these margins were to a large extent determined by distribution costs, e.g. haulage, cartage, portage, packing materials, and last but not least, interest, all of which should be cut to achieve any substantial profit reduction, and that one could not rely on competition to effect this, for on the whole the level it is all too often nullified by restraining agreements, while on the retail level an excessive number of outlets is likely to result in too small a turnover and correspondingly inflated overheads. All they wanted, they said, was assistance in expanding their services along traditional lines and help against "encroachments" by other organizations. The contradiction between the two sets of claims, however, is so obvious that not much hope can be placed upon progress in this sector.

Nevertheless, and in spite of all apologetic statistics, the situation clearly calls for some bold action to try to curb the growth of the distributive apparatus, which has become a burden on our economy, and to reduce the margins on which the distributive apparatus thrives. Even a superficial observer cannot fail to notice how shops and hawkers, agencies and trading companies multiply and make good profits, all of which are added to the bill which the consumer must foot in the end.

As distribution expenses account for almost one-third of our total national income, even minute savings in this field would add up to very considerable sums. To achieve this, however, no hard-and-fast rule can be recommended, for more than in other economic spheres, here everything depends mainly on initiative and efficiency.

In some cases economies can certainly be made by centralization; in others the top-heavy machinery is already causing waste. In the vegetable trade, a slight revolution may have been started by "Yachin-Hakaf's" attempt to supply the produce directly from the farm to consumer, while groceries are watching with keen interest the results of the "self-service" system introduced in several co-operative shops. In some lines, too trade margins are high because of the inefficient handling and exorbitant costs, but in others they result from a continuous seller's market which allows monopoly profits.

Whatever the technical and organizational progress in the sphere of distribution, this last point should never be lost sight of: for the consumer will only feel the bill if he is given the means to do it and when all is said and done, the excessive growth of the domestic trade and services is but another by-product of our lagging money economy.

# New Capital for Housing

By Our Economic Editor

FIRST signs of the changing attitude of private capital toward investment in residential building have become visible now that rent control has been removed from newly built houses for an initial period of five years, which will presumably soon be extended to ten.

As the landlord of a new house is also authorized to evict tenants, rental can be fixed on a year-to-year basis and move with the general level of prices. Moreover, income from foreign investments in residential houses is to be made transferable within certain limits, somewhat lower only than those of other "approved undertakings" (six or seven per cent have been quoted). Thus, the possibility of attracting private capital to this field will be re-opened.

It should be pointed out that in the Thirties residential houses were the most popular form of investment on the part of Jews all over the country. The rent control later kept income from house property on an artificially low level, no private capital was forthcoming for investments in residential houses to let. Practically all houses erected during the last years have therefore been built by their owners, who were thus forced to invest considerable sums in immovable property. Even state housing authorities, which at first tried to follow a different policy, were compelled by economic circumstances to adopt the common practice and are now endeavoring to sell the dwellings erected for immigrants instead of letting them as previously. Once rent control is removed residential housing could again occupy an important place as an investment relatively unaffected by the deterioration of local currency.

A great obstacle in the way of building activity in this direction is that mortgage loans are unlikely to be obtainable for houses let, and as a result, rents must be relatively high to ensure a proper yield on the invested capital, particularly if no "key money" is to be charged. In a scheme negotiated by the "Rasoco" company, IL 58.5 per month have been assumed for a one-room flat with bath and kitchenette (total floor area 33 sq. metres). The cost of such an apartment has been estimated at IL 7,600-7,900, of which building costs proper make up about 80 per cent. In bigger flats, however, costs will be considerably lower and may average IL 3,500-3,700 per room.

A profit of seven or eight per cent of the capital invested has been assumed in the above calculation, without taking into account the depreciation of the building (which is to be offset by the assumed appreciation of the site). It is of interest to note, however, that even at these high rents many applications have been received for such flats, which relieve the tenant from the necessity of making a big cash investment.

## Rasoco's Venture

Negotiations between Rasoco and the Government have been proceeding at a rapid pace and a new housing project is being planned. The first stage of this project will be to build a block of about 100 flats, which will be sold to the Government at a price of IL 1,500,000. The Government will then let the flats to the public at a price of IL 58.5 per month. The project will be financed by Rasoco, which will receive a loan of IL 1,500,000 from the Government.

## Building Contractors' Plans

The Federation of Building Associations is also negotiating several schemes for foreign investors. A central investment company has been established in Switzerland with a registered capital of \$250,000. It is connected with local groups of capitalists in various countries. An affiliated company will be established in the U.S.A. and the Federation will also participate.

In the first stage, a capital of IL 250,000 has been envisaged. The company will be built in the U.S.A. and the Federation will also participate. The company will be built in the U.S.A. and the Federation will also participate.

## Without a considerable subsidy

the scheme is being pushed forward with vigour, and roads and working camps which will house the immigrants to be transported there are already being prepared.

The controversy over the Laksh region is proceeding partly in closed sessions and partly in the Press and highlights some aspects of our problems of agricultural planning. The first is the question of subsidies. It is evident that the new schemes at a time when many of the new settlements eagerly await the money and the water which will enable them to live on their own feet and whether water resources generally should be divided up among as many villages and regions as possible or should be concentrated in a few hands.

Minister of Finance, who backed expansion of settlement vigorously some years ago, slowed down the tempo of new schemes when money became too scarce. He now appears to have changed his stand again and encourages the Laksh scheme. In the Agricultural Planning Centre opinions are divided.

## Central Authority Needed

There is finally the problem of a central planning authority. New settlements are launched by the Jewish Agency between which and the Government there is a sort of personal union as long as Mr. Kahhal is Minister of Finance. However, the time has come to fit all the agricultural settlement schemes which are financed with public money (be it out of the Development Budget or through Jewish Agency or through the Jewish National Fund) into one framework and integrate them into other economic plans, such as are made in connection with German Reparations. This is the more important because the "regional settlement" is bound up with industrial undertakings which must fit into our general import and export programme.

## TURKISH DEBTS STOP TRADING

THE problem of Turkish debts is causing increasing worries in the British trade circles. The total amount due to British manufacturers and shippers is now in excess of \$20m. During the past year or so, virtually no sterling has been remitted.

The Turkish authorities were ready to pay the British creditors if the U.K. Government would grant a bilateral agreement with Turkey and permit the repatriation of bulk purchases of Turkish grain and other agricultural products. The British declined as Turkey's price had fallen out of line with world market levels.

About two-thirds of the Turkish debts to German exporters, which had reached \$15m. at one time, have been repaid this year as a result of a bilateral deal though the total now owed has not decreased correspondingly because of new debts incurred.

France, on the other hand, has introduced a sharp control of exports to Turkey in view of growing payment difficulties. Yugoslav exports to Turkey have been discontinued, as Turkey was unable to deliver the quantities of grain and cotton fixed in their trade agreement.

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## HOUSING & SETTLEMENT

over Israel

# SUPERPHOSPHATE EXPORT BEGUN

THE first export shipment of superphosphates has been effected. It has been announced by a spokesman for the Fertilizers and Chemicals Export Co., a marketing agency established by the Israel Corporation of America, trading arm of the Palestine Economic Corporation.

Reporting the initial sale, a hard currency transaction, Mr. Hanan Suss of the I.C.O.A. said that it consisted of several thousand tons of superphosphates to Cyprus. He forecast that fertilizers to the value of more than a million dollars would be marketed abroad during the coming year, and stressed that this added a new important item to Israel's list of export goods.

Since the completion of an agreement earlier this year, under which the Palestine Economic Corporation loaned an additional \$1,500,000 to Fertilizers and Chemicals, Ltd., the I.C.O.A. has set its international apparatus to seeking new markets for F. and C. products.

## SWITCH TRANSACTIONS FOR FINN. ICELAND

TRADE circles have expressed their astonishment at the fact that "switch" transactions have been permitted for Finland and Iceland, where we are encountering difficulties in finding suitable goods for using up the proceeds of Israeli exports.

As a result of careful planning and concerted action on the part of the settlement authorities, the Ministry of Agriculture, and the regional councils, full employment is also maintained among the new immigrants who have been directed to the development areas in Upper Galilee, the Beisan area, the Central Emek and the Beer Tuvia region.

## Mehadrin Issue In U.S. Planned

"MEHADRIN" Plantations, the "Mehadrin" company has applied to the U.S. Securities and Exchange Commission for permission to float a public issue of stock there. The company's present capital is \$600,000, half of which is held by the mother company.

The "Mehadrin" company planted up to now 11,000 dunams of citrus and 5,000 dunams more are to be planted during the next year. Out of this 3,500 dunams have been sold to investors abroad, mainly in Mexico, Western Europe, Argentina and the U.S. Out of the IL 142m. of subscribed stock foreign capitalists hold IL 62m.

## Increase in Local Fish Canning

THE national production of 11,000 tons of fish in 1955, some 600 tons a year, and utilizes about 600 tons of fish, 10 per cent of the total catch (exclusive of pond carp). Of the six factories, the highest is the joint venture of the Lake Kinneret fishing kibbutzim and the "Amal" corporation. Its output is 15 tons a month and it produces one-third of the total catch.

## Bank Credit Pattern Changes

At a time when the country's credit system is being put into a new pattern, the establishment of the Bank of Israel, the use of banking statistics has been rendered difficult by the numerous improvements and alterations which statistical principles have been undergoing in the past months, often making comparisons uncertain.

Thus in August, total deposits jumped by almost IL 31m. and bank loans by IL 17m., but the greater part of these changes was accounted for by the new evaluation of the foreign currency deposits and credits, which have now been entered at the rate of exchange of IL 1.8 in lieu of IL 1.7 per dollar. In September, however, the figures dropped by IL 33.6m. (to IL 248.2m.), although in fact cash withdrawals by the public did not fall by one-third of this figure. The main reason for the drop was the decrease of the item "deposits in foreign currency" from IL 37.8m. to IL 24.2m. (to IL 24.2m.).

More attention should therefore be paid to the figures, divided according to economic branches, which seem to be less affected by transient factors. Of particular interest is the comparison between the figures for the end of June, published recently, and those for the end of December, 1955. The figures, mainly the time of the last freeze, show that the figure for total credit outstanding did not change at all. The net total of loans to the Government, however, decreased from IL 19.2m. to IL 12.6m., so that bank credit

to private enterprises (advances and bills discounted) rose by IL 11.6m. to IL 11.6m. The credit balance of the co-operative societies expanded during the same period by 19 per cent, reaching IL 57.7m. Inter-bank credit also shrank considerably, so that the total balance of loans set at the disposal of the country's economy increased by approximately IL 19m., i.e. about eight per cent.

## Agricultural Credit Up

A break-down of the credit balances shows that in some respects credit control has been much more effective than commonly assumed. Out of the IL 7.2m. added to bank credits a full IL 5.5m. went to the rural sector. As a matter of fact, loans to private farming, small business, and fishing rose by IL 9.6m., that is, by over 30 per cent, but this has been somewhat offset by the seasonal decrease in loans to citrus farmers, and to "settlement bodies." Co-operative societies loans for agricultural purposes also increased, by over 30 per cent (IL 5.2m.) and accounted for almost one-third of total credit expansion.

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# New Jobs Replace Relief Projects

JERUSALEM Post Reporter

Most emergency projects will be discontinued after Hanukkah, when orange picking goes into full swing. It is learned, in order to release the workers engaged in less productive occupations, it is expected that up to 4,000 workers at present in emergency jobs will find employment in citrus picking and packing and auxiliary jobs. Only in some urban centres, and in regions too remote from the citrus belt will emergency work continue, though on a reduced scale.

Next month, the average number of unemployed registered with the labour exchange is likely to drop to about 10,000, i.e. half the number registered in January last. The major factors for this decrease are the revival of building activity, the relative stability of industrial employment and the absorption of additional labour in agricultural employment and seasonal work.

The number of registered building workers was 3,600 in January, but dropped to 1,500 in September, and at present unemployment in the building trade has been practically eliminated. The number of jobs in industrial works also diminished somewhat.

## Exports Taken BY 15 COUNTRIES

HAIFA, Monday. — Goods exported through the Port last week totalled 5,172 tons and included 35 different products shipped to 15 countries.

The chief item was 4,313 tons of cement, the bulk of which was shipped to Turkey. Also earmarked for Turkey, which took 4,670 tons of exports loaded here, were 194 tons of steel pipes, 140 tons of glass and 102 tons of building iron.

A total of \$30,000 in dispatch pay has been earned from April of this year because of the fast loading and discharging work of Haifa Port workers, the Ministry of Communications announced in Jerusalem on Sunday.

## LOCKHEED RAISES DIVIDEND RATE

NEW YORK, Monday. — The dividend rate of the Lockheed Aircraft Corporation has been raised to 60 per cent plus a special dividend of 50 cents per share plus a five per cent distribution of bonus shares. The last three quarterly dividends have been paid at a rate of 50 per cent.

The company is now engaged, besides its regular production of Super Constellation for civilian purposes, in large orders for the U.S. Air Force. Among the new projects recently contracted and negotiated were several orders for supersonic jet fighters, anti-submarine planes and new models of vertically rising planes. The new missile division of the company has also been rapidly expanded.

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# Stocks and Commodities

## TEL AVIV MARKET REMAINS STEADY

THE tone on the Tel Aviv Stock Exchange remained fairly steady again. The demand for Milve Heva kept up during the whole week and there were comparatively large buying orders, mainly, it seems, from insurance companies. The price reached a new high of 595 during the week but dropped at the weekend to 511. This quotation seems still rather low and further rises may be expected.

Other Government Loans as well as Industrials remained steady, with Milve Milhama rising by 3 points to 66% and Ala and Palestine Cold Storage also gaining some 3 points during the week.

An interesting feature at the beginning of this week were the ordinary shares of the Israel Land Development Co., which were 15% lower on December 22, ex 2 1/2% interest and 12 1/2% capital bonus. This represents an overall rise of about 5%.

## New York Profit Taking Absorbed

TOWARD the week-end there was increased corrective profit-taking on Wall Street with Industrials and Rail declining slightly but remaining still well in advance of the preceding week. The Dow-Jones Industrial Average was 202.06 on December 8. The Stock Market presented a picture of steadiness, with profit-taking well absorbed and encouraging news about further

## Slight Easing in London

SMALL but unabsorbed profit-taking left the price level in the London market lower towards the end of the week. Almost all classes of securities were affected. The "Financial Times" Ordinary Shares Index lost 1.7 to 176.1 on December 8. On Friday, December 10, there was some very slight rallying, especially of Industrials, reflected in Reuter's daily index, advancing to 211 from 210.5 the day before.

## Gold: Paris Active

The gold price in London was easier again at 211.94, per fine ounce. The Paris Gold market experienced a recovery reflecting a slight reconsideration. The turnover on December 10 featured 1,000 Sovereigns, 40,000 Francs, 10,000 Napoleons and 100,000 Francs.

## Commodities: L. and T. were firmer,

while Rubber remained fairly steady. The Financial Times Commodity Index for December 7 was 90.95 against 90.76 a week ago and 92.36 a month ago.

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